



Committee on HOMELAND SECURITY

Chairman Michael McCaul

Opening Statement

July 17, 2013

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**Statement of Subcommittee Chairman Richard Hudson (R-SC)
Subcommittee on Transportation Security
Committee on Homeland Security**

“Threat Stakeholder Perspectives on TSA Acquisition Reform”

**July 17, 2013
Remarks as Prepared**

It is no secret that the Transportation Security Administration, TSA, has struggled with technology acquisition since the agency was established after the terrorist attacks of 9/11, and it is fitting that today marks the 7th oversight hearing the Transportation Security Subcommittee has held on TSA technology in the last two years alone.

We’ve discussed these issues with dozens of stakeholders, TSA and Department of Homeland Security leadership, and subject matter experts at the Government Accountability Office, the DHS Office of Inspector General, and the Congressional Research Service. What we’ve seen is very concerning.

For example, GAO and the DHS IG have found, through numerous studies, that TSA is not effectively implementing government best practices, such as establishing program baseline requirements and conducting comprehensive analyses, before it acquires new security technologies. This has resulted in acquisitions that have failed to meet performance objectives and have wasted taxpayer dollars.

Additionally, private industry has expressed concern that TSA does not accurately communicate mission needs, testing plans, and long-term investment plans, which makes it difficult for companies to invest their own money in research and development.

With constructive input from these stakeholders as well as the Chairman and Ranking Members, I plan to introduce bipartisan legislation this week.

Through a series of commonsense reforms, this bipartisan legislation would address a fundamental problem - TSA's broken acquisition process. We don’t have to look far to know the process is broken:

- Millions of dollars’ worth of screening equipment locked up in warehouses
- Puffer machines deployed without adequate operational testing
- AIT body scanners deployed without adequate privacy filters

- Companies with innovative products that can't successfully navigate TSA's acquisition process
- And perhaps most detrimental of all: American taxpayers losing confidence in TSA's ability to execute its mission

I appreciate the challenges that those at TSA face to address the evolving threat that terrorists pose and believe these incidents are not always the result of poor intentions at TSA or industry failures, but instead are the consequences of inadequate planning, and a lack of transparency and accountability for significant decisions. While some improvements have been made at the Departmental level, we simply cannot risk perpetuating these mistakes, which is why I believe legislation is needed to address this issue.

It is my goal for legislation to focus on four specific areas of reform.

First, it should require TSA to develop a multi-year technology acquisition plan, with input from stakeholders. This kind of planning will encourage industry investment and serve as an important foundation for future technology acquisition programs. The private sector represents an incredibly valuable partner in security, and strategic planning would strengthen that partnership tremendously.

Second, it should require TSA to conduct comprehensive analyses for security-related technology acquisitions and provide key information to Congress throughout the acquisition process, including any cost overruns, delays, or technical failures. Legislation will need to include early warning, so that Congress can see what's happening before critical failures and react to help protect the taxpayer.

Third, it must require TSA to develop a system for effectively tracking and managing equipment in inventory. In May of this year, the DHS IG reported that TSA does not have an inventory management process that systematically deploys equipment. The result is \$185 million dollars in equipment, including some unusable or obsolete equipment, locked up in warehouse storage units. This bill would help address this problem.

Finally, any legislation must require TSA to develop an action plan for achieving previously established goals for contracting with small and disadvantaged businesses. Small businesses with innovative solutions are often unable to penetrate the bureaucratic and costly process of government acquisition. The action plan required should introduce greater accountability for meeting small business goals, an area that TSA has agreed needs improvement.

The bipartisan piece of legislation I intend to introduce is a reflection of the testimony, recommendations, and feedback from subject matter experts that the Subcommittee has received thus far. I am eager to receive additional input from our panel of industry stakeholders today, so that we can continue to strengthen and improve the bill as it moves through the legislative process.

In addition, I have confidence in Administrator Pistole's ability to lead TSA toward a more risk-based, passenger-friendly future that protects the taxpayer's interests. We will continue to work on these issues with Mr. Pistole and his team, while recognizing that TSA must comply with the Department of Homeland Security's policies and directives for acquisition management. In many cases our efforts are intended to codify existing DHS policies and directives, not supplant or duplicate them.

Finally, I'd like to personally acknowledge the work of my predecessor, the gentleman from Alabama, Mr. Rogers, for all of his insightful work on these issues, and laying the groundwork for these bipartisan reforms as Chairman of this Subcommittee during the 112th Congress.

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